

Market Commentary

Recap: Oil futures rebounded on Monday, as traders became more confident that an economic recovery in the U.S. and China would overshadow falling demand out of India, as that country continues to deal with record-breaking infection rates of COVID19. Oil prices flipped back and forth between losses and gains before gathering enough momentum to break to the upside and stay there. Weakness in the dollar and strength in equities also supported prices. WTI has rallied more than 30% this year, but with the demand situation fluctuating between good news and bad news, as some countries have yet to reign in the coronavirus. Until the world can get a better grip on the spread of this virus, demand will continue to oscillate. June WTI settled at \$64.49 a barrel, up 91 cents, or 1.43%, while June Brent added 80 cents, or 1.2%, to settle at \$67.56 a barrel. June RBOB tacked on .0252 cents, to settle at \$2.1015 a gallon, while June heating oil gained .0295 cents, to settle at \$1.9519 a gallon.

Technical Analysis: June WTI held above the 10-day moving average, as it makes its way toward \$65. A break above this key psychological level sets up for a run at \$66.40 and then ultimately \$67.98, the March high. We should keep in mind that we have seen this market up at the \$65 level, where it has encountered a great amount of resistance. A push back below this level will most likely see this market fall hard. We would still keep an eye on the U.S. dollar, as its movement has been tied tightly to the movement in crude oil. Support is set at \$62.91 and \$62.08, the current 50-day average.

Fundamental News: IIR Energy reported that U.S. oil refiners are expected to shut in 677,000 bpd of capacity in the week ending May 7th, increasing available refining capacity by 289,000 bpd from the previous week.

BofA Global Research said an increase in demand anticipated across OECD countries should allow prices to increase this summer. However, a full recovery will require a healthy economic backdrop in emerging markets. A seasonal demand increase in the third quarter will be compounded by the reopening of the U.S. and Europe, while increased car sales and reduced use of public transportation could extend the cyclical oil demand recovery. Brent crude has upside beyond \$70/barrel heading into the July 4th summer driving peak. Delays in vaccinations campaigns will remain a threat to the oil price recovery. It said India, China and other parts of Asia should account for most of the incremental oil demand from emerging markets going forward.

Vortexa reported that the amount of crude oil held around the world on tankers that have been stationary for at least 7 days increased to 105.95 million barrels as of April 30th. It is up 2.6% from 103.3 million barrels in the week ending April 23rd.

Enterprise Products Partners LP said that while upstream drilling activity remains below the levels seen before the COVID-19 pandemic, higher commodity prices have supported an increase in producer drilling and completion activities, especially in the Permian Basin. It said overall pipeline volumes fell by 13% to 6 million bpd while total crude oil pipeline transportation volumes fell to 1.9 million bpd in the first quarter from 2.4 million bpd a year earlier. Total crude oil marine terminal volumes were 572 million bpd this quarter compared with 985 million bpd for the first quarter of last year. Its total segment pipeline transportation volumes were 749 million bpd this quarter compared with 712 million bpd for the first quarter of last year. Refined products and petrochemical marine terminal volumes were 266 million bpd for the first quarter compared with 271 million bpd for the same quarter in 2020.

Early Market Call - as of 8:45 AM EDT

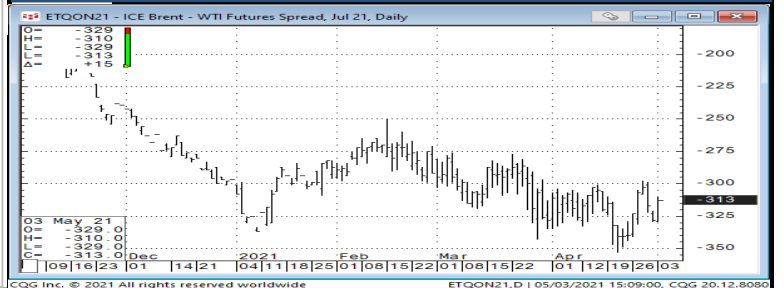
WTI - June \$65.25 up 0.87
 RBOB - June \$2.1366 Up 3.40
 HO - June \$1.9790 Up 2.50

All NYMEX | Prior Settlements

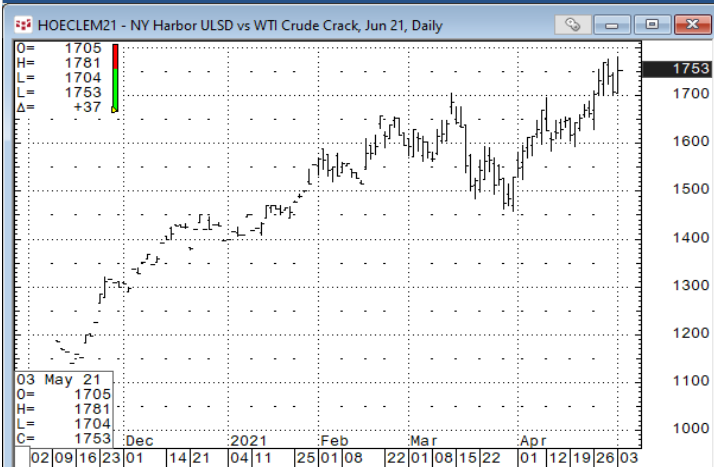
Month	ULSD (HO)	Prior Settle	Change In
	Close	Change	One Week
May-21	1.9519	0.0295	-0.0711
Jun-21	1.9537	0.0293	-0.0713
Jul-21	1.9556	0.0291	-0.0708
Aug-21	1.9594	0.0290	-0.0701
Sep-21	1.9622	0.0288	-0.0690
Oct-21	1.9639	0.0284	-0.0677
Nov-21	1.9638	0.0279	-0.0665
Dec-21	1.9644	0.0277	-0.0656
Jan-22	1.9613	0.0276	-0.0641
Feb-22	1.9539	0.0275	-0.0626
Mar-22	1.9424	0.0275	-0.0618
Apr-22	1.9363	0.0273	-0.0609
May-22	1.9323	0.0271	-0.0600
Jun-22	1.9320	0.0265	-0.0582
Jul-22	1.9317	0.0258	-0.0561
Aug-22	1.9323	0.0253	-0.0541
Sep-22	1.9331	0.0247	-0.0522

Sprague HeatCurve October 2021-April 2022			\$1.9599
		Close	Change
Crude - WTI	June Brent-	\$64.4100	\$0.9300
Crude - Brent	WTI Spread	\$67.5600	\$0.8000
Natural Gas	\$3.15	\$2.9660	\$0.0350
Gasoline		\$2.1015	\$0.0252

ICE July Brent-WTI Spread



June Heating Oil Crack Spread



June RBOB Crack Spread

